

**FINANCIAL STATEMENTS - REGULATORY BASIS
AND REPORTS OF INDEPENDENT AUDITOR**

**BIXBY SCHOOL DISTRICT NO. I-4,
TULSA COUNTY, OKLAHOMA**

JUNE 30, 2011

Audited by

SANDERS, BLEDSOE & HEWETT CPA's, LLP

BROKEN ARROW, OK

**INDEPENDENT SCHOOL DISTRICT NO. I-4
TULSA COUNTY, OKLAHOMA
JUNE 30, 2011**

TABLE OF CONTENTS

	<u>Page No.</u>
Table of Contents	1-2
School District Officials	3
Independent Auditor's Report	4-5
<u>COMBINED FINANCIAL STATEMENTS:</u>	
Combined Statement of Assets, Liabilities and Fund Equity – Regulatory Basis - All Fund Types and Account Groups	6
Combined Statement of Revenues, Expenditures, and Changes in Cash Fund Balances – Regulatory Basis - All Governmental Fund Types	7
Combined Statement of Revenues, Expenditures and Changes in Cash Fund Balance - Budget and Actual – Regulatory Basis - Budgeted Governmental Fund Types	8-10
Notes to Combined Financial Statements	11-27
<u>OTHER SUPPLEMENTARY INFORMATION:</u>	
<u>COMBINING FINANCIAL STATEMENTS:</u>	
Combining Statement of Assets, Liabilities and Fund Equity – - Regulatory Basis - All Special Revenue Funds	28
Combining Statement of Revenues, Expenditures, and Changes in Cash Fund Balances – Regulatory Basis - All Special Revenue Funds	29
Combining Statement of Revenues, Expenditures and Changes in Cash Fund Balance - Budget and Actual – Regulatory Basis - All Special Revenue Funds	30

**INDEPENDENT SCHOOL DISTRICT NO. I-4
TULSA COUNTY, OKLAHOMA
JUNE 30, 2011**

TABLE OF CONTENTS

	<u>Page No.</u>
<u>OTHER SUPPLEMENTARY INFORMATION:</u> – cont’d	
Combining Statement of Assets, Liabilities and Fund Equity – - Regulatory Basis - All Capital Projects Funds	31
Combining Statement of Revenues, Expenditures, and Changes in Cash Fund Balances – Regulatory Basis - All Capital Projects Funds	32
Combining Statement of Assets and Liabilities – Regulatory Basis - All Fiduciary Fund Types	33
Combining Statement of Changes in Assets and Liabilities - Regulatory Basis - All Agency Funds	34-36
Schedule of Expenditures of Federal Awards	37-39
Schedule of Surety Bond Coverage	40
Internal Control and Compliance Reports	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	41-42
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	43-44
Schedule of Findings and Questioned Costs	45
Disposition of Prior Year’s Schedule of Findings	46
Schedule of Accountant’s Professional Liability Insurance Affidavit	47
Audit Acknowledgement	48

**INDEPENDENT SCHOOL DISTRICT NO. I-4
TULSA COUNTY, OKLAHOMA
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2011**

BOARD OF EDUCATION

President	Mike Anthony
Vice-President	Wendell Nolan
Clerk	Lisa Kramer
Member	Helen Bolton
Member	Bryan Wiesman

SUPERINTENDENT

Dr. Kyle Wood

CHIEF FINANCIAL OFFICER

Jack H. Jenkins, CPA

**MINUTES CLERK &
SCHOOL DISTRICT TREASURER**

Sherry McIntyre

www.bixbyps.org



SANDERS, BLEDSOE & HEWETT
CERTIFIED PUBLIC ACCOUNTANTS, LLP

Stephen H. Sanders, CPA
Eric M. Bledsoe, CPA
Jeffrey D. Hewett, CPA

P.O. Box 1310 * 112 W. Dallas St. * Broken Arrow, OK 74012 * (918) 449-9991 * (800) 522-3831 * Fax (918) 449-9779

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Bixby School District No. I-4
Bixby, Oklahoma

We have audited the accompanying fund type and account group financial statements of Bixby School District No. I-4 (the District), Tulsa County, Oklahoma, as listed in the table of contents as combined financial statements, as of and for the year ended June 30, 2011. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements – regulatory basis are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements – regulatory basis. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement – regulatory basis presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, these financial statements were prepared in conformity with the accounting and financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education, which is a comprehensive basis of accounting other than generally accepted accounting principles. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States, although not reasonably determinable, are presumed to be material.

As also discussed in Note 1, the combined financial statements – regulatory basis referred to above do not include the general fixed assets account group. The amount that should be recorded in the general fixed assets account group is not known. If the general fixed assets account group had been included, the amount of the adjustments to the combined financial statements – regulatory basis is not known, but presumed to be material.

In our opinion, because the District's policy is to prepare its combined financial statements on the basis of accounting discussed in the third paragraph, and because of the omission of the general fixed assets account group as discussed in the fourth paragraph, the combined financial statements referred to in the first paragraph do not present fairly, the financial position of the District as of June 30, 2011, or the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States.

However, in our opinion, except for the omission of the general fixed assets account group as discussed in the fourth paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and equity arising from regulatory basis transactions of each fund type and account group of the District as of June 30, 2011, and the revenues collected, expenditures paid/expenses, and cash flows of each fund type, where applicable, for the year then ended on the regulatory basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2012, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the fund type and account group financial statements within the combined financial statements. The combining fund statements and schedules and other schedules as listed in the table of contents under other supplementary information are presented for purposes of additional analysis. This other supplementary information has been subjected to the auditing procedures applied in the audit of the fund type and account group financial statements within the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole on the regulatory basis of accounting described in Note 1.

Our audit was performed for the purpose of forming an opinion on the combined financial statements – regulatory basis of the District taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the combined financial statements – regulatory basis. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements – regulatory basis and, in our opinion, is fairly stated, in all material respects, in relation to the combined financial statements – regulatory basis taken as a whole.



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

January 13, 2012

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
 COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -
 REGULATORY BASIS - ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2011**

<u>ASSETS</u>	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPES	ACCOUNT GROUP	TOTALS (Memorandum Only)	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	EXPENDABLE TRUST AND AGENCY FUND	GENERAL LONG-TERM DEBT	2011	2010
Cash	\$ 4,544,832	1,413,707	157,859	12,297,811	1,087,497		19,501,706	6,784,437
Investments	4,006,459	1,226,483	3,861,298		200,000		9,294,240	17,696,303
Amounts available in debt service						311,187	311,187	410,471
Amounts to be provided for retirement of general long-term debt						41,207,257	41,207,257	45,020,876
Total Assets	\$ 8,551,291	2,640,190	4,019,157	12,297,811	1,287,497	41,518,444	70,314,390	69,912,087
<u>LIABILITIES AND FUND EQUITY</u>								
Liabilities:								
Warrants payable	\$ 1,245,712	110,128					1,355,840	1,079,222
Encumbrances	561,620	285,774		272,232			1,119,626	832,104
Funds held for school organizations					1,287,497		1,287,497	1,140,566
Unmatured obligations			3,707,970				3,707,970	3,945,791
Long-term debt:								
Bonds payable						27,500,000	27,500,000	25,800,000
Capital leases						14,018,444	14,018,444	19,631,347
Total liabilities	1,807,332	395,902	3,707,970	272,232	1,287,497	41,518,444	48,989,377	52,429,030
Fund Equity:								
Cash fund balances	6,743,959	2,244,288	311,187	12,025,579	0	0	21,325,013	17,483,057
Total Liabilities and Fund Equity	\$ 8,551,291	2,640,190	4,019,157	12,297,811	1,287,497	41,518,444	70,314,390	69,912,087

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH FUND BALANCES
ALL GOVERNMENTAL FUND TYPES - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	GOVERNMENTAL FUND TYPES				TOTALS (Memorandum Only)	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	2011	2010
Revenues:						
Local sources	\$ 11,147,727	2,342,602	7,837,213	25,890	21,353,432	20,937,198
Intermediate sources	1,085,902				1,085,902	1,080,680
State sources	12,249,767	27,823			12,277,590	11,521,634
Federal sources	3,609,024	570,137			4,179,161	3,652,988
Non-revenue receipts	196,444	512			196,956	162,876
Total revenues	<u>28,288,864</u>	<u>2,941,074</u>	<u>7,837,213</u>	<u>25,890</u>	<u>39,093,041</u>	<u>37,355,376</u>
Expenditures:						
Instruction	16,278,988	39,448			16,318,436	16,370,827
Support services	9,968,368	2,210,956		276,254	12,455,578	11,807,300
Operation of non-instructional services	582,745	763,408			1,346,153	1,304,770
Facilities, acquisition and const. services		115,500		6,300,000	6,415,500	19,779
Other outlays	3,949				3,949	2,911
Debt service			7,936,497		7,936,497	7,669,291
Repayments	31,960	2,297			34,257	191,702
Total expenditures	<u>26,866,010</u>	<u>3,131,609</u>	<u>7,936,497</u>	<u>6,576,254</u>	<u>44,510,370</u>	<u>37,366,580</u>
Revenues over (under) expenditures	1,422,854	(190,535)	(99,284)	(6,550,364)	(5,417,329)	(11,204)
Other financing sources (uses):						
Lapsed appropriations	39,470	18,206			57,676	299,082
Estopped warrants	197	1,412			1,609	500
Operating transfers in (out)	472,277	(472,277)			0	0
Bond proceeds				9,200,000	9,200,000	6,300,000
Total other financing sources (uses)	<u>511,944</u>	<u>(452,659)</u>	<u>0</u>	<u>9,200,000</u>	<u>9,259,285</u>	<u>6,599,582</u>
Revenue and other sources over (under) expenditures and other uses	1,934,798	(643,194)	(99,284)	2,649,636	3,841,956	6,588,378
Cash fund balance, beginning of year	4,809,161	2,887,482	410,471	9,375,943	17,483,057	10,894,679
Cash fund balance, end of year	<u>\$ 6,743,959</u>	<u>2,244,288</u>	<u>311,187</u>	<u>12,025,579</u>	<u>21,325,013</u>	<u>17,483,057</u>

The notes to the combined financial statements are an integral part of this statement

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
 GENERAL FUND - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2011**

	GENERAL FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues:			
Local sources	\$ 10,130,726	10,130,726	11,147,727
Intermediate sources	976,049	976,049	1,085,902
State sources	11,217,737	11,217,737	12,249,767
Federal sources	2,866,327	2,866,327	3,609,024
Non-revenue receipts			196,444
Total revenues	<u>25,190,839</u>	<u>25,190,839</u>	<u>28,288,864</u>
Expenditures:			
Instruction	18,709,492	18,709,492	16,278,988
Support services	10,950,000	10,950,000	9,968,368
Operation of non-instructional services Facilities, acquisition and const. services	600,000	600,000	582,745
Other outlays	123,168	123,168	3,949
Other uses	67,340	67,340	
Repayments	<u>50,000</u>	<u>50,000</u>	<u>31,960</u>
Total expenditures	<u>30,500,000</u>	<u>30,500,000</u>	<u>26,866,010</u>
Revenues over (under) expenditures	(5,309,161)	(5,309,161)	1,422,854
Other financing sources (uses):			
Lapsed appropriations			39,470
Estopped warrants			197
Operating transfers in (out)	<u>500,000</u>	<u>500,000</u>	<u>472,277</u>
Total other financing sources (uses)	<u>500,000</u>	<u>500,000</u>	<u>511,944</u>
Revenue and other sources over (under) expenditures and other uses	(4,809,161)	(4,809,161)	1,934,798
Cash fund balance, beginning of year	<u>4,809,161</u>	<u>4,809,161</u>	<u>4,809,161</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>0</u>	<u>6,743,959</u>

The notes to the combined financial statements are an integral part of this statement

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
 BUDGETED SPECIAL REVENUE FUNDS - REGULATORY BASIS
 THE THE YEAR ENDED JUNE 30, 2011**

	SPECIAL REVENUE FUNDS		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues:			
Local sources	\$ 2,179,155	2,179,155	2,342,602
State sources	24,464	24,464	27,823
Federal sources	465,803	497,916	570,137
Non-revenue receipts			512
Total revenues	2,669,422	2,701,535	2,941,074
Expenditures:			
Instruction	31,904	60,326	39,448
Support services	3,809,500	3,813,191	2,210,956
Operation of non-instructional services	1,100,000	1,100,000	763,408
Facilities acquisitions and construction	115,500	115,500	115,500
Repayments	25,000	25,000	2,297
Total expenditures	5,081,904	5,114,017	3,131,609
Revenues over (under) expenditures	(2,412,482)	(2,412,482)	(190,535)
Other financing sources (uses):			
Lapsed appropriations			18,206
Estopped warrants			1,412
Operating transfers in (out)	(475,000)	(475,000)	(472,277)
Total other financing sources (uses)	(475,000)	(475,000)	(452,659)
Revenue and other sources over (under) expenditures and other uses	(2,887,482)	(2,887,482)	(643,194)
Cash fund balance, beginning of year	2,887,482	2,887,482	2,887,482
Cash fund balance, end of year	\$ 0	0	2,244,288

The notes to the combined financial statements are an integral part of this statement

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
 DEBT SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011**

	DEBT SERVICE FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues:			
Local sources	\$ 7,526,026	7,526,026	7,837,213
Expenditures:			
Other outlays			
Debt service	7,936,497	7,936,497	7,936,497
Revenues over (under) expenditures	(410,471)	(410,471)	(99,284)
Cash fund balance, beginning of year	410,471	410,471	410,471
Cash fund balance, end of year	\$ 0	0	311,187

The notes to the combined financial statements are an integral part of this statement

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

1. Summary of Significant Accounting Policies

The combined financial statements – regulatory basis of the Bixby Public Schools District No. I-4 (the “District”) have been prepared in conformity with another comprehensive basis of accounting required by Oklahoma Statutes. The more significant of the District’s accounting policies are described below.

A. Reporting Entity

The District is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on state of Oklahoma support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

The governing body of the District is the Board of Education composed of elected members. The appointed superintendent is the executive officer of the District.

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and/or its citizens, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the District’s reporting entity.

The School Education Foundation is not included in the reporting entity. The District does not appoint any of the board members or exercise any oversight authority.

1. Summary of Significant Accounting Policies- cont’d

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011**

B. Fund Accounting

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain district functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental Fund Types

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds).

General Fund - The general fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include state and local property taxes and state funding under the Foundation and Incentive Aid Program. Expenditures include all costs associated with the daily operations of the schools except for programs funded for building repairs and maintenance, school construction and debt service on bonds and other long-term debt. The general fund includes federal and state restricted monies that must be expended for specific programs.

Special Revenue Fund - The special revenue funds are the District's building, co-op and child nutrition funds.

Building Fund - The building fund consists of monies derived property taxes levied for the purpose of erecting, remodeling, repairing, or maintaining school buildings and for purchasing furniture, equipment and computer software to be used on or for the school district property, for paying energy and utility costs, for purchasing telecommunications

1. **Summary of Significant Accounting Policies- cont'd**

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011**

B. Fund Accounting - cont'd

services, for paying fire and casualty insurance premiums for school facilities, for purchasing security systems, and for paying salaries of security personnel.

Co-op Fund - The co-op fund is established when the boards of education of two or more school districts enter into cooperative agreements and maintain joint programs. The revenues necessary to operate a cooperative program can come from federal, state, or local sources, including the individual contributions of participating school districts. The expenditures for this fund would consist of those necessary to operate and maintain the joint programs.

Child Nutrition Fund - The child nutrition fund consists of monies derived from federal and state financial assistance and food sales. This fund is used to account for the various nutrition programs provided to students.

Debt Service Fund - The debt service fund is the District's sinking fund and is used to account for the accumulation of financial resources for the payment of general long-term (including judgments) debt principal, interest and related costs. The primary revenue sources are local property taxes levied specifically for debt service and interest earnings from temporary investments.

Capital Projects Funds - The capital projects fund is the District's bond fund and is used to account for the proceeds of bond sales to be used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities, and acquiring transportation equipment.

Proprietary Fund Types

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the District (internal service funds). The District has no proprietary fund types.

1. Summary of Significant Accounting Policies- cont'd

B. Fund Accounting - cont'd

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

Fiduciary Fund Types

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. When these assets are held under a trust agreement, either a nonexpendable trust fund or an expendable trust fund is used depending on whether there is an obligation to maintain trust principal. Agency funds are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations.

Expendable Trust Funds - Expendable trust funds include the gifts and endowments fund, medical insurance fund, workers compensation fund and the insurance recovery fund. The District did not maintain these funds during the 2010-11 fiscal year.

Gifts Fund - The gifts fund receives its assets by way of philanthropic foundations, individuals, or private organizations for which no repayment or special service to the contributor is expected. This fund is used to promote the general welfare of the District.

Medical Insurance Fund - The medical insurance fund accounts for revenues and expenditures for all types of self-funded medical insurance coverage.

Workers Compensation Fund - The workers compensation fund accounts for revenues and expenditures for workers compensation claims.

Insurance Recovery Fund - The insurance recovery fund accounts for all types of insurance recoveries, major reimbursements and reserves for property repairs and replacements.

Agency Fund - The agency fund is the school activities fund which is used to account for monies collected principally through fundraising efforts of the student and District-sponsored groups. The administration is responsible, under the authority of the Board, in collecting, disbursing and accounting for these activity funds.

Account Group

Account groups are not funds and consist of a self-balancing set of accounts used only to establish accounting control over long-term debt and fixed assets.

1. **Summary of Significant Accounting Policies-** cont'd

B. *Fund Accounting* - cont'd

General Long-Term Debt Account Group - This account group was established to account

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

for all long-term debt of the District, which is offset by the amount available in the debt service fund and the amount to be provided in future years to complete retirement of the debt principal. It is also used to account for other liabilities (judgments and lease purchases), which are to be paid from funds provided in future years.

General Fixed Assets Account Group - This account group is used by governments to account for the property, plant and equipment of the school district. The District does not have the information necessary to include this group in its financial statements.

Memorandum Only - Total Column

The total column on the combined financial statements - regulatory basis is captioned "memorandum only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

C. Basis of Accounting and Presentation

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the combined financial statements – regulatory basis. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental and expendable trust funds are accounted for using the regulatory basis of accounting. Revenues are recognized when they are received rather than earned. Under the regulatory basis of accounting, expenditures are generally recognized when encumbered or reserved rather than at the time the related fund liability is incurred. These practices differ from generally accepted accounting principles. Significant differences are as follows:

The District does not maintain its accounts on the modified accrual basis of accounting under which revenue are recorded when susceptible to accrual, i.e., both measurable and available, and expenditures are recorded when the liability is incurred, is measurable.

1. **Summary of Significant Accounting Policies-** cont'd

C. Basis of Accounting and Presentation – cont'd

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

Revenue and expenditures are reported by the budget year until all encumbrances have been paid and unexpended appropriations are closed to the current year fund balance.

The general and special revenue funds record purchases of supplies as expenditures rather than as assets to be expensed when used.

Encumbrances are reported as liabilities. Under generally accepted accounting principles, open uncumbrances for which goods or services have not been received, are reported as reservations of fund balances, since the commitments will be honored through subsequent years budget appropriations.

The District has not maintained a record of general fixed assets and, accordingly, a statement of general fixed assets, as required by generally accepted accounting principles, is not included in the combined financial statements – regulatory basis.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is not reported as an expenditure and a fund liability of the governmental fund that will pay it. In addition, the non-current portion of vested accumulated vacation is not recorded in the general long-term debt account group.

Capital leases are recorded as expenditures. Under generally accepted accounting principles, capital leases are normally capitalized as a fixed asset and recorded in the general long-term debt account group.

D. Budgets and Budgetary Accounting

The District is required by state law to prepare an annual budget. A preliminary budget must be submitted to the Board of Education by December 31 for the fiscal year beginning the following July 1. If the preliminary budget requires an additional levy, the District must hold an election on the first Tuesday in February to approve the levy. If the preliminary budget does not require an additional levy, it becomes the legal budget. If an election is held and the taxes are approved, then the preliminary budget becomes the legal budget. If voters reject the additional taxes, the District must adopt a budget within the approved tax rate.

1. **Summary of Significant Accounting Policies-** cont'd

D. Budgets and Budgetary Accounting – cont'd

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011**

A budget is legally adopted by the Board of Education for the General and Special Revenue Funds that include revenues and expenditures.

The 2010-11 Estimate of Needs was amended by supplemental appropriations as follows:

<u>Fund</u>	<u>Total</u>
Co-Op	\$ 32,113

This amendment was approved by the county excise board.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders and other commitments of resources are recorded as expenditures of the applicable fund – is utilized in all governmental funds of the District. Unencumbered appropriations lapse at the end of each fiscal year.

E. Assets, Liabilities and Fund Equity

Cash - Cash consists of cash on hand, demand deposit accounts, and interest bearing checking accounts.

Investments - Investments consist of direct obligations of the United States Government and agencies; certificates of deposit of savings and loan associations, bank and trust companies; savings accounts or savings certificates of savings and loan associations, and trust companies; and warrants, bonds or judgments of the district. All investments are recorded at cost, which approximates market value.

Inventories - The value of consumable inventories at June 30, 2011 is not material to the combined financial statements-regulatory basis.

Fixed Assets and Property, Plant and Equipment - The General Fixed Asset Account Group is not presented.

Warrants Payable - Warrants are issued to meet the obligations for goods and services provided to the District. The District recognizes a liability for the amount of outstanding warrants that have yet to be redeemed by the District's treasurer.

1. **Summary of Significant Accounting Policies-** cont'd

E. Assets, Liabilities and Fund Equity – cont'd

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

Encumbrances - Encumbrances represent commitments related to purchase orders, contracts, other commitments for expenditures or resources, and goods or services received by the District for which a warrant has not been issued. An expenditure is recorded and a liability is recognized for outstanding encumbrances at year end in accordance with the regulatory basis of accounting.

Unmatured Obligations - The unmatured obligations represent the total of all annual accruals for both principal and interest, based on the lengths of the bonds and/or judgments, less all principal and interest payments through the balance sheet date in accordance with the regulatory basis of accounting.

Funds Held for School Organizations - Funds held for school organizations represent the funds received or collected from students or other cocurricular and extracurricular activities conducted in the district, control over which is exercised by the board of education. These funds are credited to the account maintained for the benefit of each particular activity within the school activity fund.

Long-Term Debt - Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Cash Fund Balance - Cash fund balance represents the funds not encumbered by purchase order, legal contracts, outstanding warrants and unmatured obligations.

F. Revenue and Expenditures

Local Revenues - Revenue from local sources is the money generated from within the boundaries of the District and available to the District for its use. The District is authorized by state law to levy property taxes, which consist of ad valorem taxes on real and personal property within the District. These property taxes are distributed to the District's general, building and sinking funds based on the levies approved for each fund. The County Assessor,

1. **Summary of Significant Accounting Policies-** cont'd

F. Revenue and Expenditures - cont'd

upon receipt of the certification of tax levies from the county excise board, extends the tax

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011**

levies on the tax roll for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes are due prior to January 1. The second half is due prior to April 1.

If the first payment is not made timely, the entire tax becomes due and payable on January 2. Second half taxes become delinquent on April 1 of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owned. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property.

Other local sources of revenues include interest earnings, tuition, fees, rentals, disposals, commissions and reimbursements.

Intermediate Revenues - Revenue from intermediate sources is the amount of money from funds collected by an intermediate administrative unit, or a political subdivision between the district and the state, and distributed to districts in amounts that differ in proportion to those which were collected within such systems.

State Revenues - Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of state aid funds to school districts based on information accumulated from the Districts.

After review and verification of reports and supporting documentation, the State Department of Education may adjust subsequent fiscal period allocations of money for prior year errors disclosed by review. Normally such adjustments are treated as reductions or additions of revenue of the year when the adjustment is made.

The District receives revenue from the state to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for these programs be expended only for the program for which the money is provided and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. The State Department of Education requires

1. **Summary of Significant Accounting Policies-** cont'd

F. Revenue and Expenditures- cont'd

categorical educational program revenues be accounted for in the general fund.

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011**

The aforementioned state revenues are apportioned to the District's general fund.

Federal Revenues - Federal revenues consist of revenues from the federal government in the form of operating grants or entitlements. An operating grant is a contribution to be used for a specific purpose, activity or facility. A grant may be received either directly from the federal government or indirectly as a passthrough from another government, such as the state.

An entitlement is the amount of payment to which the District is entitled pursuant to an allocation formula contained in applicable statutes.

The majority of the federal revenues received by the District are apportioned to the General fund. The District maintains a separate child nutrition fund and the federal revenues received for the child nutrition programs are apportioned there.

Non-Revenue Receipts - Non-revenue receipts represent receipts deposited into a fund that are not new revenues to the District, but the return of assets.

Instruction Expenditures - Instruction expenditures include the activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location, such as a home or hospital, and in other learning situations, such as those involving cocurricular activities. It may also be provided through some other approved medium, such as television, radio, telephone and correspondence. Included here are the activities of teacher assistants of any type (clerks, graders, teaching machines, etc.), which assist in the instructional process. The activities of tutors, translators and interpreters would be recorded here. Department chairpersons who teach for any portion of time are included here. Tuition/transfer fees paid to other LEAs would be included here.

Support Services Expenditures - Support services expenditures provide administrative, technical (such as guidance and health) and logistical support to facilitate and enhance instruction. These services exist as adjuncts for fulfilling the objectives of instruction, community services and enterprise programs, rather than as entities within themselves.

1. Summary of Significant Accounting Policies- cont'd

F. Revenue and Expenditures - cont'd

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

Operation of Non-Instructional Services Expenditures - Activities concerned with providing non-instructional services to students, staff or the community.

Facilities Acquisition and Construction Services Expenditures - Consists of activities involved with the acquisition of land and buildings; remodeling buildings; the construction of buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; and improvement to sites.

Other Outlays Expenditures - A number of outlays of governmental funds are not properly classified as expenditures, but still require budgetary or accounting control. These are classified as Other Outlays. These include debt service payments (principal and interest) when applicable.

Other Outlays/Uses Expenditures - This includes scholarships provided by private gifts and endowments; student aid and staff awards supported by outside revenue sources (i.e., foundations). Also, expenditure for self-funded employee benefit programs administered either by the District or a third party administrator.

Repayment Expenditures - Repayment expenditures represent checks/warrants issued to outside agencies for refund or restricted revenue previously received for overpayment, non-qualified expenditures and other refunds to be repaid from District funds.

Interfund Transactions - Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund or expenditure/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. There was an operating transfer of \$472,277 made during the 2010-11 fiscal year from the child nutrition fund to the general fund to reimburse for labor costs paid out of the general fund.

2. Cash and Investments

The District's investment policies are governed by state statute. Permissible investments include direct obligations of the United States government and agencies; certificates of deposit of savings and loan associations, banks and trust companies; savings accounts or savings certificates of savings and loan associations, banks, and trust companies; and

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011**

warrants, bonds or judgments of the District.

Cash – The District’s bank balance of deposits and cash pools at June 30, 2011, was \$20,149,179. Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. State statutes require collateral for amounts in excess of federally insured amounts. The District’s policy requires collateral equal to 110% of the deposit amount for all deposits not covered by F.D.I.C. insurance. The bank balance was completely covered by federal depository insurance and by collateral held by the District’s third party agent in the District’s name.

Investments – At June 30, 2011, the District’s investments consisted of certificates of deposits with an approximate fair market value of \$9,294,240.

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Due to the required liquidity for those investments, these funds have no defined maturity dates. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Credit risk – Investments – Credit risk is the risk that the issuer or other counterparty to and investment will not fulfill its obligations. Investments held by the District in investment pools (sweep accounts) are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. These investments are held with Citizens Security, and are rated AAA by Standard and Poor’s. The District does not have a formal policy limiting its exposure arising from concentration of investments.

3. General Long-term Debt

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District’s voters. Bond issues can be approved by the voters and issued by the District for various capital improvements. These bonds are required to be fully paid serially within 25 years of the date of issue.

3. General Long-term Debt – cont’d

General long-term debt of the District consists of building bonds payable, transportation bonds payable and capital leases. Debt service requirements for bonds are payable solely from the fund balance and the future revenues of the debt service fund.

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011**

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2011:

	<u>Bonds Payable</u>	<u>Capital Leases</u>	<u>Totals</u>
Balance, July 1, 2010	\$25,800,000	19,631,347	45,431,347
Additions	9,200,000	0	9,200,000
Retirements	<u>7,500,000</u>	<u>5,612,903</u>	<u>13,112,903</u>
Balance, June 30, 2011	<u>\$27,500,000</u>	<u>14,018,444</u>	<u>41,518,444</u>

A brief description of the outstanding long-term debt at June 30, 2011 is set forth below:

	<u>Amount outstanding</u>
<u>General Obligation Bonds</u>	
Building Bonds, Series 2007, original issue \$8,000,000, interest rate of 3.40-4.45%, due in annual installments of \$2,000,000, final payment of June 1, 2012;	\$ 2,000,000
General Obligation, Series 2008, original issue \$8,000,000, interest rate of 3.00-3.50%, due in annual installments of \$2,000,000, final payment due June 1, 2013;	4,000,000
Building Bonds, Series 2009, original issue \$8,000,000, interest rate of 2.10-2.60%, due in annual installments of \$2,000,000, final payment of due June 1, 2014;	6,000,000
Building Bonds, Series 2010, original issue \$6,300,000, interest rate of 4.40-2.55%, due in annual installments of \$1,575,000, final payment of due May 1, 2015;	6,300,000

3. General Long-term Debt – cont'd

	<u>Amount outstanding</u>
<u>General Obligation Bonds – cont'd</u>	
General Purpose, Series 2011, original issue \$9,200,000, interest rate of 1.10-1.95%, due in annual installments of	

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011**

\$2,300,000, final payment due May 1, 2016; \$ 9,200,000

Capital Leases

Lease agreement for building projects, dated 5-22-08,
totaling \$23,578,000, interest rate of 3.50%, due in annual
principal and interest payments as follows: \$4,900,000 on 7/15/09;
\$6,300,000 on 7/15/2010; \$7,800,000 on 7/15/2011; and \$6,943,908
on 7/15/2012; 14,018,444

Totals \$ 41,518,444

The annual debt service requirements for the retirement of bond principal, and payment of interest are as follows:

Year ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 7,575,000	592,269	8,167,269
2013	7,875,000	397,675	8,272,675
2014	5,875,000	225,775	6,100,775
2015	3,875,000	111,462	3,986,462
2016	<u>2,300,000</u>	<u>39,100</u>	<u>2,339,100</u>
Totals	<u>\$ 27,500,000</u>	<u>1,366,281</u>	<u>28,866,281</u>

The annual debt service requirements for the retirement of lease payments are as follows:

Year ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 7,309,354	490,646	7,800,000
2013	<u>6,709,090</u>	<u>234,818</u>	<u>6,943,908</u>
Total	<u>\$ 14,018,444</u>	<u>725,464</u>	<u>21,043,908</u>

3. **General Long-term Debt** – cont'd

There was \$1,546,416 interest paid on general long-term debt incurred during the current year.

4. **Employee Retirement System**

Plan Description

The District participates in the state-administered Oklahoma Teachers' Retirement Plan, a cost-sharing, multiple-employer defined benefit public employee retirement system

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011**

(PERS), which is administered by the board of trustees of the Oklahoma Teachers' Retirement System (the "System"). The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 70 Section 17 of the Oklahoma Statutes establishes benefit provisions and may be amended only through legislative action. The Oklahoma Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Teachers' Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, OK 73152 or by calling (405) 521-2387.

Basis of Accounting

The System's financial statements are prepared using the cash basis of accounting, except for accruals of interest income. Plan member contributions are recognized in the period in which the contributions are made. Benefits and refunds are recognized when paid. The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The System has an under-funded pension benefit obligation as determined as part of the latest actuarial valuation.

Funding Policy

The District, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The rates are not actuarially determined. The rates are applied to the employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation. Contributions received by the System from the State of Oklahoma are used to offset required employer contributions by the local school district. Contributions received by the System are from a percentage of its revenues from sales taxes, use taxes, corporate income taxes and individual income taxes. For the 2010-11 fiscal year, the

4. **Employee Retirement System** – cont'd

Funding Policy

district's contributed 9.5% and the State of Oklahoma contributed the remaining amount during the year. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members. In addition, the District is required to match the retirement paid on salaries that are funded with federal funds.

Annual Pension Cost

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011**

The District's portion of the total contributions for 2011, 2010 and 2009 were \$2,511,196, \$2,453,459 and \$2,256,360 respectively.

Schedule of Funding Progress (dollars in millions) (unaudited)

Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Actuarial Accrued Liability (UAAL) (b-a)	Unfunded		Annual Covered Payroll (c)	UAAL as % of Covered Payroll (b-a)/(c)	Actuarial Valuation Date
			Funded Ratio (a/b)	Annual Covered Payroll (c)			
June 30, 2006	\$ 7,470.4	15,143.4	7,672.9	49.3%	3,354.9	228.7%	
June 30, 2007	8,421.9	16,024.4	7,602.5	52.6%	3,598.9	211.2%	
June 30, 2008	9,256.8	18,346.9	9,090.1	50.5%	3,751.4	242.3%	
June 30, 2009	9,439.1	18,950.9	9,512.0	49.8%	3,807.9	249.8%	
June 30, 2010	9,566.7	19,980.9	10,414.0	47.9%	3,854.8	270.2%	
June 30, 2011	9,960.6	17,560.8	7,600.2	56.7%	3,773.3	201.4%	

The employer contribution rates are established by the Oklahoma Legislature and are less than the annual required contribution, which is performed to determine the adequacy of such contribution rates.

5. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District continues to carry commercial insurance for these risks, including general and auto liability, property damage, and public officials liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The District participates in a risk pool for Worker's Compensation coverage in which there is a transfer or pooling of risks among the participants of that pool. In accordance with GASB No. 10, the District reports the required contribution to the pool, net of refunds, as insurance

5. Risk Management – cont'd

expense. The risk pool is the Oklahoma School Assurance Group (OSAG), an organization formed for the purpose of providing workers' compensation coverage to participating schools in the State of Oklahoma. In that capacity, OSAG is responsible for providing loss control services and certain fiscal activities, including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to it during the plan year. As a member of OSAG, the District is required to pay fees set by OSAG according to an established payment schedule. A portion of the fees paid by the District goes into a loss fund for the District. The fee for the

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

loss fund is calculated by projecting losses based on the school's losses for the last five years. OSAG provides coverage in excess of the Loss Fund so the District's liability for claim loss is limited to the balance of the loss fund. If the District does not use its loss fund in three years, it is returned to the District with no interest. The District is a member of the Oklahoma Public Schools Unemployment Compensation Program. In this program the District is required to contribute 1.6% of its taxable payroll for unemployment insurance. The funds for each District are kept separate and Districts can contribute more than 1.6% of their payroll if they elect to. The money contributed by each District earns interest and is fully insured. If the District has claims in excess of the amount in its account, it will be liable for the excess.

6. Contingencies

Schedule of Expenditure of Federal Awards

The schedule shows the federal awards received and expended by the District during the 2010-11 fiscal year. The revised OMB Circular A-133 Audits of States, Local Governments and Non-Profit Organizations, established uniform audit requirements for nonfederal entities which expend more than \$500,000 in federal awards.

Litigation

School officials are not aware of any pending or threatened litigation, claims or assessments or unasserted claims or assessments against the District that would have a material affect on the financial statements.

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND
 FUND EQUITY - REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS
 JUNE 30, 2011**

<u>ASSETS</u>	<u>BUILDING FUND</u>	<u>CO-OP FUND</u>	<u>CHILD NUTRITION FUND</u>	<u>TOTALS (Memorandum Only)</u>	
				<u>2011</u>	<u>2010</u>
Cash	\$ 1,102,954	7,034	303,719	1,413,707	782,740
Investments	<u>1,025,684</u>		<u>200,799</u>	<u>1,226,483</u>	<u>2,458,426</u>
Total Assets	<u>\$ 2,128,638</u>	<u>7,034</u>	<u>504,518</u>	<u>2,640,190</u>	<u>3,241,166</u>
 <u>LIABILITIES AND FUND EQUITY</u> 					
Liabilities:					
Warrants payable	\$ 89,703	1,253	19,172	110,128	89,164
Encumbrances	<u>285,774</u>			<u>285,774</u>	<u>264,520</u>
Total liabilities	<u>375,477</u>	<u>1,253</u>	<u>19,172</u>	<u>395,902</u>	<u>353,684</u>
Fund Equity:					
Cash fund balances	<u>1,753,161</u>	<u>5,781</u>	<u>485,346</u>	<u>2,244,288</u>	<u>2,887,482</u>
Total Liabilities and Fund Equity	<u>\$ 2,128,638</u>	<u>7,034</u>	<u>504,518</u>	<u>2,640,190</u>	<u>3,241,166</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN CASH FUND BALANCES - ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	BUILDING FUND	CO-OP FUND	CHILD NUTRITION FUND	TOTALS (Memorandum Only)	
				2011	2010
Revenues:					
Local sources	\$ 1,565,965		776,637	2,342,602	2,297,967
State sources			27,823	27,823	25,751
Federal sources		19,356	550,781	570,137	503,822
Non-revenue receipts			512	512	
Total revenues	<u>1,565,965</u>	<u>19,356</u>	<u>1,355,753</u>	<u>2,941,074</u>	<u>2,827,540</u>
Expenditures:					
Instruction	22,660	16,788		39,448	17,696
Support services	2,207,265	3,691		2,210,956	2,025,972
Operation of non-instructional services			763,408	763,408	735,126
Facilities, acquisition and const. services	115,500			115,500	6,000
Other outlays					140
Repayments			2,297	2,297	2,002
Total expenditures	<u>2,345,425</u>	<u>20,479</u>	<u>765,705</u>	<u>3,131,609</u>	<u>2,786,936</u>
Revenues over (under) expenditures	(779,460)	(1,123)	590,048	(190,535)	40,604
Other financing sources (uses):					
Lapsed appropriations	18,206			18,206	110,581
Estopped warrants	1,326		86	1,412	13
Operating transfers in (out)			(472,277)	(472,277)	(437,471)
Total other financing sources (uses)	<u>19,532</u>	<u>0</u>	<u>(472,191)</u>	<u>(452,659)</u>	<u>(326,877)</u>
Revenue and other sources over (under) expenditures and other uses	(759,928)	(1,123)	117,857	(643,194)	(286,273)
Cash fund balance, beginning of year	<u>2,513,089</u>	<u>6,904</u>	<u>367,489</u>	<u>2,887,482</u>	<u>3,173,755</u>
Cash fund balance, end of year	<u>\$ 1,753,161</u>	<u>5,781</u>	<u>485,346</u>	<u>2,244,288</u>	<u>2,887,482</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
ALL SPECIALREVENU FUNDS - REGULATORY BASIS
FOR THE YEARENDED JUN 30, 2011**

	BUILDING FUND			CO-OP FUND			CHILD NUTRITION FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues:									
Local sources	\$ 1,436,911	1,436,911	1,565,965	\$			\$ 742,244	742,244	776,637
State sources							24,464	24,464	27,823
Federal sources					32,113	19,356	465,803	465,803	550,781
Non-revenue receipts									512
Total revenues	<u>1,436,911</u>	<u>1,436,911</u>	<u>1,565,965</u>	<u>0</u>	<u>32,113</u>	<u>19,356</u>	<u>1,232,511</u>	<u>1,232,511</u>	<u>1,355,753</u>
Expenditures:									
Instruction	25,000	25,000	22,660	6,904	35,326	16,788			
Support services	3,809,500	3,809,500	2,207,265		3,691	3,691			
Operation of non-instructional services							1,100,000	1,100,000	763,408
Facilities acquisitions and construction	115,500	115,500	115,500						
Repayments							25,000	25,000	2,297
Total expenditures	<u>3,950,000</u>	<u>3,950,000</u>	<u>2,345,425</u>	<u>6,904</u>	<u>39,017</u>	<u>20,479</u>	<u>1,125,000</u>	<u>1,125,000</u>	<u>765,705</u>
Revenues over (under) expenditures	(2,513,089)	(2,513,089)	(779,460)	(6,904)	(6,904)	(1,123)	107,511	107,511	590,048
Other financing sources (uses):									
Lapsed appropriations			18,206						
Estopped warrants			1,326						86
Operating transfers in (out)							(475,000)	(475,000)	(472,277)
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>19,532</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(475,000)</u>	<u>(475,000)</u>	<u>(472,191)</u>
Revenue and other sources over (under) expenditures and other uses	(2,513,089)	(2,513,089)	(759,928)	(6,904)	(6,904)	(1,123)	(367,489)	(367,489)	117,857
Cash fund balance, beginning of year	<u>2,513,089</u>	<u>2,513,089</u>	<u>2,513,089</u>	<u>6,904</u>	<u>6,904</u>	<u>6,904</u>	<u>367,489</u>	<u>367,489</u>	<u>367,489</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>0</u>	<u>1,753,161</u>	<u>\$ 0</u>	<u>0</u>	<u>5,781</u>	<u>\$ 0</u>	<u>0</u>	<u>485,346</u>

The notes to the combined financial statements are an integral part of this statement

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND
 FUND EQUITY - REGULATORY BASIS - ALL CAPITAL PROJECTS FUNDS
 JUNE 30, 2011**

	2011 BUILDING BOND FUND A	2011 BUILDING BOND FUND B	2011 TRANSP. BOND FUND	2010 BUILDING BOND FUND	TOTALS (Memorandum Only)	
					2011	2010
ASSETS						
Cash	\$ 5,582,471	3,271,446	350,000	3,093,894	12,297,811	73,298
Investments						9,342,758
Total Assets	<u>\$ 5,582,471</u>	<u>3,271,446</u>	<u>350,000</u>	<u>3,093,894</u>	<u>12,297,811</u>	<u>9,416,056</u>
LIABILITIES AND FUND EQUITY						
Liabilities:						
Warrants Payable	\$					20
Encumbrances			272,232		272,232	40,093
Total Liabilities	<u>0</u>	<u>0</u>	<u>272,232</u>	<u>0</u>	<u>272,232</u>	<u>40,113</u>
Fund equity:						
Cash fund balances	<u>5,582,471</u>	<u>3,271,446</u>	<u>77,768</u>	<u>3,093,894</u>	<u>12,025,579</u>	<u>9,375,943</u>
Total Liabilities and Fund Equity	<u>\$ 5,582,471</u>	<u>3,271,446</u>	<u>350,000</u>	<u>3,093,894</u>	<u>12,297,811</u>	<u>9,416,056</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN CASH FUND BALANCES - REGULATORY BASIS - ALL CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	2011 BUILDING BOND FUND A	2011 BUILDING BOND FUND B	2011 TRANSP. BOND FUND	2010 BUILDING BOND FUND	2009 BUILDING BOND FUND	2008 TRANSP. BOND FUND	TOTALS (Memorandum Only)	
							2011	2010
Revenues:								
Local sources (interest earnings)	\$ 2,471	1,446	0	19,639	2,334	0	25,890	52,991
Expenditures:								
Support Services			272,232			4,022	276,254	65,523
Facilities, acquisition & const. services				3,187,516	3,112,484		6,300,000	
Total expenditures	0	0	272,232	3,187,516	3,112,484	4,022	6,576,254	65,523
Revenues over (under) expenditures	2,471	1,446	(272,232)	(3,167,877)	(3,110,150)	(4,022)	(6,550,364)	(12,532)
Other financing sources (uses):								
Bond sales proceeds	5,580,000	3,270,000	350,000				9,200,000	6,300,000
Revenue and other sources over (under) expenditures and other uses	5,582,471	3,271,446	77,768	(3,167,877)	(3,110,150)	(4,022)	2,649,636	6,287,468
Cash fund balance, beginning of year	0	0	0	6,261,771	3,110,150	4,022	9,375,943	3,088,475
Cash fund balance, end of year	<u>\$ 5,582,471</u>	<u>3,271,446</u>	<u>77,768</u>	<u>3,093,894</u>	<u>0</u>	<u>0</u>	<u>12,025,579</u>	<u>9,375,943</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND
 FUND EQUITY - ALL FIDUCIARY FUND TYPES - REGULATORY BASIS
 JUNE 30, 2011**

	AGENCY FUNDS	
	ACTIVITY FUNDS	
	2011	2010
<u>ASSETS</u>		
Cash	\$ 1,087,497	940,566
Investments	200,000	200,000
Total Assets	\$ 1,287,497	1,140,566
<u>LIABILITIES AND FUND EQUITY</u>		
Liabilities:		
Funds held for school organizations	\$ 1,287,497	1,140,566

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
ALL AGENCY FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	Balance July 1, 2010	Additions	Net Transfers	Deletions	Balance June 30, 2011
Assets					
Cash	\$ 940,566	1,891,947		1,745,016	1,087,497
Investments	<u>200,000</u>				<u>200,000</u>
Total Assets	<u>\$ 1,140,566</u>	<u>1,891,947</u>	<u>0</u>	<u>1,745,016</u>	<u>1,287,497</u>
Liabilities					
Funds held for school organizations:					
819 All Sports	\$ 275,924	374,093		378,750	271,267
821 Weight Rm. Fund	5	0		0	5
822 Spartan Club	3,706	7,538		7,538	3,706
901 Art	1,808	1,245		2,152	901
903 Middle School Band	9,629	37,516		37,273	9,872
904 Band Student Account	10,970	52,122		42,334	20,758
905 Band Boosters	13,228	70,347		52,753	30,822
906 Concession Repair	6,672	0		796	5,876
908 Community Education	40,314	87,488		108,208	19,594
909 Banquet Account	5,461	869		350	5,980
911 Interact	0	2,347		517	1,830
914 MS Fine Arts	14	1,415		1,412	17
915 FFA	6,221	58,433		55,412	9,242
916 DECA	1,645	5,441		4,784	2,302
917 FCCLA	1,985	20,366		19,312	3,039
918 FFA Boosters	13,404	13,825		9,287	17,942
919 French Club	450	1,240		1,544	146
920 Central Art	4,848	12,497		11,341	6,004
921 German Club	3,166	7,885		8,129	2,922
923 Interest	182,756	1,793		0	184,549
924 Jr. Class	13,614	13,760		15,036	12,338
925 Journalism	954	751		1,004	701
926 Media Center	4,441	3,861		4,429	3,873
927 Brassfield Media Center	11,237	5,797		5,337	11,697
928 Central Media Center	7,490	15,909		14,690	8,709
930 Key Club	1,100	602		1,042	660
931 Musical	5,578	3,775		4,054	5,299
932 NHS	4,168	11,629		12,517	3,280
933 FCA	682	2,990		2,838	834
934 Cheer/Dance	28,863	89,445		64,738	53,570
935 Grad-Fest	8,571	21,170		19,366	10,375
936 North 5/6 Accel Reader	212	113			325

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
ALL AGENCY FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	Balance July 1, 2010	Additions	Net Transfers	Deletions	Balance June 30, 2011
937 North 5/6 Media Center	\$ 4,322	16,617		12,956	7,983
938 North 5/6 PTA	2,135	0		0	2,135
939 North 5/6 Stuco	2,994	3,881		2,079	4,796
940 H.S. History Club	0	30		0	30
941 Sr. Class	1,413	4,402		4,839	976
942 Drama	2,856	5,596		7,306	1,146
943 Shop	1,513	0		0	1,513
944 Student Council	9,124	6,602		15,602	124
945 Swim Team Booster Club	1,691	10,336		10,098	1,929
946 Spanish Club	2,918	326		112	3,132
947 Swim Club	1,023	29,065		27,079	3,009
948 Swim Pool Fund	458	0		0	458
949 SADD	72	0		0	72
950 Robotics	4,741	8,073		9,424	3,390
951 Textbook Fund	6,378	0		0	6,378
952 Vocal	7,537	21,505		24,717	4,325
953 Miscellaneous II	213,131	480,665		405,632	288,164
954 H.S. Workbooks	2,122	0			2,122
955 Yearbooks	2,206	36,670		21,854	17,022
956 Central Year Books	4,977	7,795		6,256	6,516
957 North 5/6 Yearbook	1,893	6,810		5,251	3,452
958 BSN Prof. of America Club	690	169		488	371
959 FBLA	5,607	0		0	5,607
960 Special Services	37,883	41,225		35,749	43,359
961 H.S. Academic Team	1,632	1,708		2,734	606
962 Track Booster Club	1,117	0		0	1,117
963 Basketball Booster Club	4,303	10,035		7,337	7,001
964 Tennis Booster Club	7,279	7,627		12,166	2,740
965 M.S. Student Council	2,417	3,639		2,642	3,414
966 Middle School Media	4,403	5,876		5,756	4,523
967 Middle School Vocal	7,440	10,277		11,839	5,878
968 BEA	74	0		0	74
969 PTA Central	390	0		0	390
970 PTA Bixby North	9,620	39,500		38,045	11,075
971 PTA Brassfield	133	0		0	133
972 M.S. Yearbooks	4,272	5,564		5,424	4,412
973 Cheerleading Boosters	9,659	16,127		14,469	11,317
974 Softball Booster Club	8,128	18,975		17,162	9,941
975 Band Activities	59	0		0	59
976 Indian Club Account	1,017	750		952	815
977 Science Club	24	1,178		829	373
978 MCJROTC Booster Club	1,741	2,331		2,653	1,419
979 Accelerated Reader	1,560	711		739	1,532
981 Baseball Booster Club	29,045	50,978		32,681	47,342

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
ALL AGENCY FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2011**

	Balance <u>July 1, 2010</u>	<u>Additions</u>	Net <u>Transfers</u>	<u>Deletions</u>	Balance <u>June 30, 2011</u>
982 Spanish Club MS	0	2,578		1,778	800
983 China Exchange Program	\$ 0	30		30	0
984 ROTC	7,079	8,865		12,460	3,484
985 H.S. Student Store	4,796	12,712		12,882	4,626
986 Volleyball Booster Club	524	7,744		7,234	1,034
987 Middle School PTO	115	0		0	115
988 Wrestling Booster Club	7,730	12,272		18,306	1,696
989 Spartan Testing Fund	9,690	19,131		17,773	11,048
990 Soccer Booster Club	10,746	15,940		12,438	14,248
991 Bixby North Media Center	4,752	14,089		12,851	5,990
992 Bixby North Yearbooks	3,455	8,028		5,922	5,561
993 Brassfield Yearbooks	2,328	4,705		5,495	1,538
994 Brassfield Student Council	1,866	1,102		1,308	1,660
995 Hall of Fame	4,091	1,960		2,612	3,439
996 North Hospitality	270	450		699	21
997 Freshman Class	979	405		633	751
998 Sophomore Class	1,032	631		782	881
	<u>1,140,566</u>	<u>1,891,947</u>	<u>0</u>	<u>1,745,016</u>	<u>1,287,497</u>
Total Liabilities	<u>\$ 1,140,566</u>	<u>1,891,947</u>	<u>0</u>	<u>1,745,016</u>	<u>1,287,497</u>

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Federal Grantor's/ Pass-through Grantor's Number	Program or Award Amount	Balance at 7/01/2010	Revenue Collected	Total Expenditures	Balance at 6/30/2011
<u>U.S. Department of Education:</u>							
<u>Direct Programs:</u>							
Title VII-Part A, Indian Education	84.060	S060A101286	\$ 125,598		98,316	125,599	(27,283)
Title VII-Part A, Indian Education 2009-10 - Note 1	84.060			(20,274)	20,274		
Subtotal			<u>125,598</u>	<u>(20,274)</u>	<u>118,590</u>	<u>125,599</u>	<u>(27,283)</u>
<u>Passed Through State Department of Human Services:</u>							
Job Training - OJT	84.126		11,674		11,032	11,674	(642)
Medicaid	93.778		87,945		87,945	87,945	
Subtotal			<u>99,619</u>		<u>98,977</u>	<u>99,619</u>	<u>(642)</u>
<u>Passed Through State Department of Education:</u>							
Title I-Part A, Improving Basic Programs	84.010		304,218			270,595	(270,595)
(270,595) Title I-Part A 2009-10 - Note 1		84.010		(235,968)	235,968		
Title I-Part A, ARRA	84.389		28,540		28,540	28,540	
Title I-Part A, ARRA 2009-10 - Note 1	84.389			(15,159)	15,159		
<u>*Special Education Programs -</u>							
Flowthrough, P.L. 105-17	84.027		928,781			893,018	(893,018)
Flowthrough, P.L. 105-17 2009-10 - Note 1	84.027			(815,171)	815,171		
Flowthrough ARRA C/O	84.391		496,902		392,437	496,902	(104,465)
Flowthrough ARRA 2009-10 - Note 1	84.391			(85,986)	85,986		
Preschool, Ages 3-5, P.L. 105-17	84.173		37,485			23,970	(23,970)
Preschool, Ages 3-5, P.L. 105-17 2009-10 - Note 1	84.173			(19,027)	19,027		
Preschool ARRA	84.392		8,253		1,390	8,253	(6,863)
Title IV-Part A, Safe & Drug-Free Schools	84.186		185			185	(185)
Title IV-Part A 2009-10 - Note 1	84.186			(16,602)	16,602		

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass Through Grantor/Program Title	Federal Grantor's/ Pass-through		Program or Award Amount	Balance at 7/01/2010	Revenue Collected	Total Expenditures	Balance at 6/30/2011
	Federal CFDA Number	Grantor's Number					
Title II-Part D, Educational Technology	84.318		764			707	(707)
Title II-Part D, Educ. Tech. 2009-10 - Note 1	84.318			(2,155)	2,155		
Title II-Part D, Educ. Tech. - Professional Dev.	84.318		826			826	(826)
Title II-Part A, Teacher & Principal Training	84.336		136,151			108,262	(108,262)
Title II-Part A 2009-10 - Note 1	84.336			(111,426)	111,426		
Title III-Part A, English as a Second Language	84.365		32,113			20,479	(20,479)
Title III-Part A 2009-10 - Note 1	84.365			(19,356)	19,356		
*ARRA, Stabilization Fund	84.394		976,446		976,446	976,446	
*Education Jobs Fund	84.410		782,740		598,571	782,740	(184,169)
Subtotal			<u>3,733,404</u>	<u>(1,320,850)</u>	<u>3,318,234</u>	<u>3,610,923</u>	<u>(1,613,539)</u>
<i>Passed Through State Department of Career and Technology Education:</i>							
Carl Perkins Grant	84.048		33,246			26,838	(26,838)
Carl Perkins Grant 2009-10 - Note 1	84.048			(20,734)	20,734		
Subtotal			<u>33,246</u>	<u>(20,734)</u>	<u>20,734</u>	<u>26,838</u>	<u>(26,838)</u>
<i>U.S. Department of Agriculture:</i>							
<i>Passed Through State Department of Education:</i>							
<i>*Child Nutrition Cluster:</i>							
<i>Non-Cash Assistance (Commodities):</i>							
National School Lunch Program	10.555				111,694	111,694	
Non-Cash Assistance Subtotal					<u>111,694</u>	<u>111,694</u>	
<i>Cash Assistance:</i>							
National School Lunch Program	10.555				464,625	464,625	
School Breakfast Program	10.553				86,156	86,156	
Cash Assistance Subtotal					<u>550,781</u>	<u>550,781</u>	
Total For Program (Cluster)					<u>662,475</u>	<u>662,475</u>	

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grantor/Pass Through Grantor/Program Title	Federal Grantor's/ Pass-through			Balance at 7/01/2010	Revenue Collected	Total Expenditures	Balance at 6/30/2011
	Federal CFDA Number	Grantor's Number	Program or Award Amount				
Other Federal Assistance:							
JROTC - Marines	12.N/A		71,930		65,882	71,930	(6,048)
JROTC - Marines 2009-10 - Note 1	12.N/A			(5,941)	5,941		
Flood Control	12.112		22		22	22	
Subtotal			<u>71,952</u>	<u>(5,941)</u>	<u>71,845</u>	<u>71,952</u>	<u>(6,048)</u>
Total Federal Assistance			<u>\$ 4,063,819</u>	<u>(1,367,799)</u>	<u>4,290,855</u>	<u>4,597,406</u>	<u>(1,674,350)</u>

* Major federal programs

Note 1 - These amounts represent reimbursements for prior year expenditures which were not received until the current fiscal year.

Note 2 - Commodities received by the District in the amount of \$111,694 were of a non-monetary nature and therefore the total revenue does not agree with the financial statements by this amount.

Note 3 - This schedule was prepared on a regulatory basis of accounting consistent with the preparation of the combined financial statements.

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
STATEMENT OF STATUTORY, FIDELITY AND HONESTY BONDS
FOR THE YEAR ENDED JUNE 30, 2011**

<u>BONDING COMPANY</u>	<u>POSITION COVERED</u>	<u>BOND NUMBER</u>	<u>COVERAGE AMOUNT</u>	<u>EFFECTIVE DATES</u>
Ohio Casualty Insurance	Treasurer	5071296	\$ 100,000	7/1/10-6/30/11
	Superintendent	5056070	100,000	7/1/10-6/30/11
	Encumbrance Clerk	5061836	100,000	7/1/10-6/30/11
	Activity Fund Custodian	5061833	100,000	7/1/10-6/30/11
	Chief Financial Officer	5061871	100,000	7/1/10-6/30/11
	Payroll Director	5061829	100,000	7/1/10-6/30/11
	Activity Fund Custodian	5061831	100,000	7/1/10-6/30/11
	Child Nutrition Custodian	5061860	10,000	7/1/10-6/30/11
	Activity Fund Custodian	5061857	10,000	7/1/10-6/30/11
	Child Nutrition Custodian	5061849	10,000	7/1/10-6/30/11
	Activity Fund Custodian	5061847	10,000	7/1/10-6/30/11
	Activity Fund Custodian	5061846	10,000	7/1/10-6/30/11
	Activity Fund Custodian	5061843	10,000	7/1/10-6/30/11
	Child Nutrition Custodian	5061841	10,000	7/1/10-6/30/11
	Child Nutrition Custodian	5061856	10,000	7/1/10-6/30/11
	Activity Fund Custodian	5061868	10,000	7/1/10-6/30/11
	Activity Fund Custodian	5062264	10,000	7/1/10-6/30/11
	Activity Fund Custodian	5061823	10,000	7/1/10-6/30/11
	Child Nutrition Custodian	5061867	10,000	7/1/10-6/30/11
	Child Nutrition Custodian	5061861	10,000	7/1/10-6/30/11
	Child Nutrition Custodian	5061837	10,000	7/1/10-6/30/11
	Activity Fund Custodian	5061835	10,000	7/1/10-6/30/11
	Child Nutrition Custodian	5061825	10,000	7/1/10-6/30/11
Activity Fund Custodian	5061826	10,000	7/1/10-6/30/11	



SANDERS, BLEDSOE & HEWETT
CERTIFIED PUBLIC ACCOUNTANTS, LLP

Stephen H. Sanders, CPA
Eric M. Bledsoe, CPA
Jeffrey D. Hewett, CPA

P.O. Box 1310 * 112 W. Dallas St. * Broken Arrow, OK 74012 * (918) 449-9991 * (800) 522-3831 * Fax (918) 449-9779

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STANDARDS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Honorable Board of Education
Bixby School District No. I-4
Bixby, Oklahoma

We have audited the combined financial statements – regulatory basis of Bixby School District (the District) No. I-4, Bixby, Oklahoma, as of and for the year ended June 30, 2011, which, except for the omission of the general fixed assets account group, have been prepared on a basis prescribed by the Oklahoma State Department of Education and have issued our report thereon dated January 13, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain immaterial matters that we reported to management of the District in a separate letter dated January 13, 2012.

This report is intended solely for the information and use of management and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Sanders, Bledsoe & Hewett". The signature is written in a cursive, flowing style.

Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

January 13, 2012



SANDERS, BLEDSOE & HEWETT
CERTIFIED PUBLIC ACCOUNTANTS, LLP

Stephen H. Sanders, CPA
Eric M. Bledsoe, CPA
Jeffrey D. Hewett, CPA

P.O. Box 1310 * 112 W. Dallas St. * Broken Arrow, OK 74012 * (918) 449-9991 * (800) 522-3831 * Fax (918) 449-9779

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Board of Education
Bixby School District No. I-4
Bixby, Oklahoma

Compliance

We have audited Bixby School District (the District) No. I-4, Bixby, Oklahoma's, compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2011. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District's complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the school board, management, the Oklahoma State Department of Education and the Federal Clearinghouse, and is not intended to be, and should not be, used by anyone other than these specified parties.



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

January 13, 2012

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS
JUNE 30, 2011

Section 1 – Summary of Auditor’s Results:

1. A qualified opinion was issued on the financial statements with respect to the regulatory basis of accounting prescribed.
2. The audit disclosed no significant deficiencies in the internal controls.
3. The audit disclosed no instances of noncompliance which were material to the financial statements.
4. The audit disclosed no significant deficiencies in the internal controls over major programs.
5. An unqualified opinion report was issued on the compliance of major programs.
6. The audit disclosed no findings which were required to be reported under OMB Circular A-133 § 510(a).
7. Programs determined to be major are the IDEA-B Special Education Programs (84.027, 84.173, 84.391, 84.392) and the Child Nutrition Programs (10.553, 10.555), which were clustered in determination and the State Fiscal Stabilization Funds (84.394) and the Education JOBS Fund (84.410), which were not clustered.
8. The dollar threshold used to determine between Type A and Type B programs was \$300,000.
9. The auditee was not determined to be a low-risk auditee.

Section 2 – Findings relating to the financial statements required to be reported in accordance with GAGAS:

No findings

Section 3 – Findings and questioned costs for federal awards:

No findings

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
DISPOSITION OF PRIOR YEAR'S REPORTABLE CONDITIONS AND MATERIAL
INSTANCES OF NON-COMPLIANCE
JUNE 30, 2011

There were no prior year reportable conditions.

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE
AFFIDAVIT
JULY 1, 2010 TO JUNE 30, 2011

State of Oklahoma)
) ss
County of Tulsa)

The undersigned auditing firm of lawful ages, being first duly sworn on oath says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Bixby Public Schools for the audit year 2010-11.

Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP
Auditing Firm

By _____
Authorized Agent

Subscribed and sworn to before me
This 13th day of January, 2012

Notary Public (or Clerk or Judge)

My Commission Expires: 5/19/2012
Commission No. 00008621